



# “A COMPARATIVE STUDY ON PROFITABILITY ANALYSIS OF SELECTED ELECTRICAL COMPANIES OF GUJARAT”

Dr. Hiraben P. Dalavaniya

Ph. D, M. Com, Assistant Professor, N. P. Patel Arts and S. A. Patel Commerce College, Palanpur, Gujarat

## ABSTRACT

The purpose of the study is to understand A comparative study of financial performance in relation with profitability aspect of electrical companies in Gujarat. The Profitability ratios indicate how efficiently a business will be able to generate revenues and profits through its operations. Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings relative to its revenue, operating costs, balance sheet assets, or shareholders' equity over time, using data from a specific point in time. Profitability ratios are financial metrics used by analysts and investors to measure and evaluate the ability of a company to generate income (profit) relative to revenue, balance sheet assets, operating costs, and shareholders' equity during a specific period of time. The period of study would be ten years during 2010-11 to 2019-20.

**KEYWORDS:** Financial Performance, Profitability, Electrical Companies

## 1. INTRODUCTION

According to Metalf and Titard, “Analysis of financial performance is a process of evaluating relationship between component parts of financial statements to obtain a better understanding of a firm's position and performance”.

### Profitability Ratio Analysis

Profitability ratios indicate how well a company utilizes its assets to produce profit and value to shareholders. A higher ratio or value is commonly sought-after by most companies, as this usually means the business is performing well by generating revenues, profits, and cash flow. The most commonly used profitability ratios are examined below. The researcher has used Profit ratio to check the financial performance level of Electrical companies in Gujarat.

## 2. LITERATURE REVIEW

Omer A, Ghosh S, and Kaushik R in their paper system: Issues and Opportunities”, the Indian power Situation is talked about3. India's developing economy has constrained the nation to increase the capacity of power ability to 200 GW this year. Regardless of this development in supply, the nation is as yet confronting real difficulties in giving power access to every one of the family units furthermore enhancing unwavering quality and reliability of power supply. Its energy frameworks are attempting to conquer power deficiencies and poor energy quality. The significant requirement in accomplishing the objective is lack of capital assets. Deficiencies are exacerbated by inefficiencies in power generation, appropriation and end use framework.

Kumar N. and Sivaraja P. in the paper title “Energy conservation policies in India” conc power requirement prerequisite for the growth and report also concentrates on the energy protection approaches in India. Findings demonstrate that the power shortage is relied upon growth at fast rate6. The economic growth and development during the time span of 1997 to 2020 is evaluated to rise by 3.2% while power prerequisite development proportion is anticipated at 2.1% for each year. To satisfy this shortage the power capacity must be upgraded by sett plant and in the meantime the power protection strategies are to be incorporated.

## 3. RESEARCH METHODOLOGY

Descriptive Research Design is used as researcher wants to gain a better understanding of respondents; the design used will help in the exploring the Electrical companies. A Research design is a plan of action to be carried out in connection with a research study.

### 3.1 Research Objective

- To Study the Profitability of selected Electrical Companies.
- To study and compare between profitability of Electrical Companies.

### 3.2 Research Hypothesis

H0: There is no significance difference in Profit Ratio of selected Electrical Companies.

H1: There is a significance difference in Profit Ratio of selected Electrical Companies.

### 3.3 Data Collection

The research study is carried out on the basis of the documentary evidence and various means. The main sources of information and data will be related to Secondary data only. Such secondary data will be contained published and

unpublished record, budgets, annual reports, audit report, relevant financial data, different financial statements, govt. and other sources, journals, and other published materials.

### 3.4 Limitation of the study

- The study is based on secondary data from varied sources, so limitation of the secondary data will influence the research study.
- The study is conducted on selected Electrical Companies, so results cannot be generalizing for all the industries.

## 4. Data Analysis and Interpretation

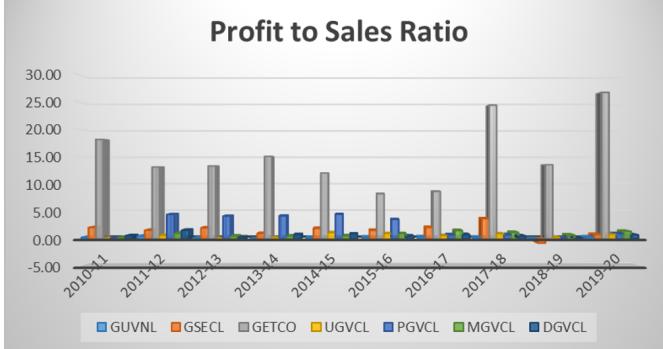
Name of Company	Profit ratio									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
GUVNL	0.26	0.48	0.18	0.00	0.23	0.32	0.35	0.27	0.03	0.33
GSECL	2.09	1.58	2.03	0.99	1.93	1.56	2.11	3.71	-0.76	0.81
GETCO	18.17	13.15	13.33	15.08	12.05	8.25	8.68	24.45	13.55	26.78
UGVCL	-0.14	0.62	-0.04	0.15	1.11	0.95	0.58	0.92	0.29	0.85
PGVCL	0.14	4.48	4.17	4.21	4.50	3.56	0.75	0.77	0.25	0.94
MGVCL	0.26	1.01	0.51	0.51	0.55	0.94	1.52	1.17	0.71	1.39
DGVCL	0.57	1.58	0.32	0.77	0.87	0.51	0.79	0.52	0.20	0.76

Source: Annual Report

### Name of Ratio: Net Profit Margin Ratio (Profitability Ratio)



Particulars	GUVNL	GSECL	GETCO	UGVCL	PGVCL	MGVCL	DGVCL
2010-11	0.26	2.09	18.17	-0.14	0.14	0.26	0.57
2011-12	0.48	1.58	13.15	0.62	4.48	1.01	1.58
2012-13	0.18	2.03	13.33	-0.04	4.17	0.51	0.32
2013-14	0.00	0.99	15.08	0.15	4.21	0.51	0.77
2014-15	0.23	1.93	12.05	1.11	4.50	0.55	0.87
2015-16	0.32	1.56	8.25	0.95	3.56	0.94	0.51
2016-17	0.35	2.11	8.68	0.58	0.75	1.52	0.79
2017-18	0.27	3.71	24.45	0.92	0.77	1.17	0.52
2018-19	0.03	-0.76	13.55	0.29	0.25	0.71	0.20
2019-20	0.33	0.81	26.78	0.85	0.94	1.39	0.76
Average	0.24	1.61	15.35	0.53	2.38	0.86	0.69
SD	0.15	1.14	6.14	0.44	1.93	0.42	0.38
CV	59.60	71.30	40.02	82.94	81.43	48.70	55.41
COM. GROWTH	0.01	-0.14	0.96	0.11	0.09	0.13	0.02
min	0.00	-0.76	8.25	-0.14	0.14	0.26	0.20
max	0.48	3.71	26.78	1.11	4.50	1.52	1.58



#### ANOVA Testing for Net Profit Margin Ratio (Profitability Ratio)

ANOVA	SS	df	MS	F	P-value	F crit
Source of Variation						
Between Groups	21.78	3	7.26	6.8275	0.00	2.8663
Within Groups	38.29	36	1.06			
Total	60.07	39				

**Interpretation:** Above ANOVA Table indicates that p-value is 0.000 is less than significance value (0.05). Therefore, H0 is rejected. So, Relationship among profitability of selected Electrical companies in Gujarat is significant.

#### CONCLUSION

In the given study, the researcher has taken only into considerations of selected Electrical Companies in Gujarat. Moreover, the researcher has conducted descriptive study to measure the financial performance of selected Electrical Companies in Gujarat. There is huge scope to carry out further study on efficient market hypothesis, Profitability ratio, long-term and short-term solvency ratio, financial performance and measurement of selected companies of similar different sector.

#### REFERENCES

##### Book

1. Agrawal R.K. & Dr. Verma M.M., Financial Management, Forward Book Depot, New Delhi, 1992.
2. Albeneze Robert, Meaning towards Accountability for Performance, Homewood; Illinois: Richard D. Irwin Inc, 1978.
3. Bhalla V.K, Financial Management and Policy, Anmol Publications, New Delhi. 1997.
4. Gupta R. L. & Radhaswami M., Financial Statement Analysis, Sultan Chand & Sons., New Delhi, 1985.
5. Khan M. Y. & Jain P. K., Financial Management, Tata McGraw Hill, New Delhi, 1984.
6. Naveen Kumar E. and Sivaraja dhanavel P. (2008). Energy Conservation Policies in India; An Assessment. The ICFAI journal of infrastructure, 4(4).
7. Omer A., Ghosh S. and Kaushik R. (2013). Indian power system: Issues and Opportunities. International Journal of Advanced Research in Electrical, Electronics and Instrumentation Engineering, 2(3), 1089-109.